

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

R

W-03783A
Michael W. Schultz & Pamela J. Schultz
Rincon Creek Water Company
14545 E Rincon Creek Ranch Rd
Tucson, AZ 85747

ANNUAL REPORT

RECEIVED

MAY 8 2008

FOR YEAR ENDING

TO CORP COUNCIL
Director Utilities

| | | |
|----|----|------|
| 12 | 31 | 2007 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 07 |
|--------|----|

PROCESSED BY:

5508

SCANNED

COMPANY INFORMATION

| | | |
|-----------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------|
| Company Name (Business Name) <u>RINCON CREEK WATER COMPANY</u> | | |
| Mailing Address <u>14545 EAST RINCON CREEK RANCH ROAD</u> | | |
| <u>TUCSON</u> (City) | <u>AZ</u> (State) | <u>85747</u> (Zip) |
| <u>(520) 647-3569</u> Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u>(520) 404-0912</u> Cell No. (Include Area Code) |
| Email Address <u>N/A</u> | | |
| Local Office Mailing Address <u>SAME AS ABOVE</u> | | |
| <u></u> (City) | <u></u> (State) | <u></u> (Zip) |
| <u></u> Local Office Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u></u> Cell No. (Include Area Code) |
| Email Address <u></u> | | |

MANAGEMENT INFORMATION

| | | |
|------------------------------------------------------------|----------------------------------------|-------------------------------------------------------|
| Management Contact: <u>MICHAEL W. SCHULTZ</u> | | |
| <u>14545 E. RINCON CREEK RANCH ROAD</u> (Street) | <u>TUCSON</u> (City) | <u>AZ 85747</u> (State) (Zip) |
| <u>(520) 647-3569</u> Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u>(520) 404-0912</u> Cell No. (Include Area Code) |
| Email Address <u>MIKE@AZWATER.COM</u> | | |
| On Site Manager: <u>MICHAEL W. SCHULTZ</u> | | |
| <u>SAME AS ABOVE</u> (Street) | <u></u> (City) | <u></u> (State) (Zip) |
| <u></u> Telephone No. (Include Area Code) | <u></u> Fax No. (Include Area Code) | <u></u> Cell No. (Include Area Code) |
| Email Address <u>SAME AS ABOVE</u> | | |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: DIANA C. SHULTZ

(Name)

13511 E. GOLF LINKS ROAD

(Street)

THESON

(City)

AZ

(State)

85710

(Zip)

(520) 296-3429

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

(520) 404-6400

Cell No. (Include Area Code)

Attorney: N/A

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☒ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

RINCON CREEK WATER COMUNITAS

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|-------------------------------------------|-----------------------|-------------------------------------|--------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | | | |
| 307 | Wells and Springs | | | |
| 311 | Pumping Equipment | 15,024 | 9,014 | |
| 320 | Water Treatment Equipment | | | |
| 330 | Distribution Reservoirs and Standpipes | 14,971 | 8,982 | |
| 331 | Transmission and Distribution Mains | 833 | 499 | |
| 333 | Services | | | |
| 334 | Meters and Meter Installations | | | |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 190 | 114 | |
| 340 | Office Furniture and Equipment | | | |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 31,018 | 18,609 | |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

RINCON CREEK WATER COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|----------------------------------------|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | | | |
| 307 | Wells and Springs | | | |
| 311 | Pumping Equipment | 15,024 | .10 | |
| 320 | Water Treatment Equipment | | | |
| 330 | Distribution Reservoirs and Standpipes | 14,971 | .10 | |
| 331 | Transmission and Distribution Mains | 833 | .10 | |
| 333 | Services | | | |
| 334 | Meters and Meter Installations | | | |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | 190 | .10 | |
| 340 | Office Furniture and Equipment | | | |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTALS | 31,018 | | |

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

RIMCON CREEK WATER COMPANY

BALANCE SHEET

| Acct No. | ASSETS | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|----------|---------------------------------------------|------------------------------|------------------------|
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ | \$ |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | 902 | 1340 |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ | \$ |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 36,500 | \$ 36,500 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | 32,850 | 32,850 |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 3,650 | \$ |
| | TOTAL ASSETS | \$ 4,552 | \$ 3,650 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

RINCON CREEK WATER COMPANY

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---------------------------------------------------|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ | \$ |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | | |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ | \$ |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ | \$ |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | | |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ | \$ |
| | TOTAL LIABILITIES | \$ | \$ |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ | \$ |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | | |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 4,552 | |
| | TOTAL CAPITAL | \$ 4,552 | \$ |
| | TOTAL LIABILITIES AND CAPITAL | \$ 4,552 | \$ 3,600 |

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|--------------|-------------------------------------------|------------|------------------|
| 461 | Metered Water Revenue | \$ | \$ |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | | |
| | TOTAL REVENUES | \$ | \$ <i>Ø</i> |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ | \$ |
| 610 | Purchased Water | | |
| 615 | Purchased Power | | <i>2320</i> |
| 618 | Chemicals | | |
| 620 | Repairs and Maintenance | | <i>588</i> |
| 621 | Office Supplies and Expense | | |
| 630 | Outside Services | | <i>250</i> |
| 635 | Water Testing | | |
| 641 | Rents | | |
| 650 | Transportation Expenses | | |
| 657 | Insurance – General Liability | | |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense – Rate Case | | |
| 675 | Miscellaneous Expense | | |
| 403 | Depreciation Expense | | |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | | <i>32</i> |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ | \$ <i>3190</i> |
| | OPERATING INCOME/(LOSS) | \$ | \$ <i>(3190)</i> |
| | OTHER INCOME/(EXPENSE) | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | | |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ | \$ |
| | NET INCOME/(LOSS) | \$ | \$ <i>(3190)</i> |

COMPANY NAME

RINCON CREEK WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|---------|---------|---------|---------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

N/A

| | |
|-----------------|----------------------------------|
| COMPANY NAME | RINCON CREEK WATER COMPANY |
| Name of System: | ADEQ Public Water System Number: |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|-----------------|-----------------|------------------|---------------------|--------------------------|---------------------|--------------|
| 55-620931 | 15 | 130 | 3 | 250 | N/A | — |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|----------------|----------------------------------------------|
| SECOND WELL (1993) | 45 | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| N/A | | | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 2,000 | 1 | 5,000 | 1 |
| 1,500 | 1 | 500 | 1 |
| | | | |

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|------------------------|-----------------------------------------|
| COMPANY NAME | <i>RINCON CREEK WATER COMPANY</i> |
| Name of System: | ADEQ Public Water System Number: |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

| MAINS | | |
|------------------|----------|------------------|
| Size (in inches) | Material | Length (in feet) |
| 2 | <i>1</i> | <i>1800</i> |
| 3 | | |
| 4 | <i>1</i> | <i>400</i> |
| 5 | | |
| 6 | | |
| 8 | | |
| 10 | | |
| 12 | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| CUSTOMER METERS | |
|------------------|----------|
| Size (in inches) | Quantity |
| 5/8 X 3/4 | |
| 3/4 | |
| 1 | |
| 1 1/2 | <i>1</i> |
| 2 | <i>2</i> |
| Comp. 3 | |
| Turbo 3 | |
| Comp. 4 | |
| Turbo 4 | |
| Comp. 6 | |
| Turbo 6 | |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

N/A

OTHER:

BACK-UP GENERATION

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|-----------------|----------------------------------|
| COMPANY NAME: | RINCON CREEK WATER COMPANY |
| Name of System: | ADEQ Public Water System Number: |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|------------|---------------------|-----------------------------|-------------------------------|----------------------------------|
| JANUARY | 5 | | | |
| FEBRUARY | | | | |
| MARCH | | | | |
| APRIL | | | | |
| MAY | | | | |
| JUNE | | | | |
| JULY | | | | |
| AUGUST | | | | |
| SEPTEMBER | | | | |
| OCTOBER | | | | |
| NOVEMBER | | | | |
| DECEMBER | | | | |
| TOTALS → | | N/A | | |

What is the level of arsenic for each well on your system? _____ mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME RINCON CREEK WATER COMPANY YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 32.00

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

MAY 9 1 2008

THE CURF COMIN
Director Utilities

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

| |
|---------------------------------|
| COUNTY OF (COUNTY NAME) |
| <u>PIMA</u> |
| NAME (OWNER OR OFFICIAL) TITLE |
| <u>MICHAEL W. SCHULTZ</u> |
| COMPANY NAME |
| <u>RYAN CREEK WATER COMPANY</u> |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

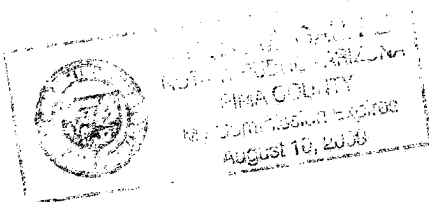
| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



[Signature]
SIGNATURE OF OWNER OR OFFICIAL

(520) 647-3569
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 29th DAY OF

(SEAL)

| |
|--------------|
| COUNTY NAME |
| <u>Pima</u> |
| MONTH |
| <u>April</u> |
| YEAR |
| <u>2008</u> |

[Signature]
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES August 10, 2009

COMPANY NAME RINCON CREEK WATER COMPANY YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Michael Schultz
SIGNATURE

3-28-08
DATE

Michael Schultz
PRINTED NAME

owner
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAY 8 1 2008

ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

| |
|---------------------------------------------------------------------|
| COUNTY OF (COUNTY NAME) <u>Pima</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>Rincon Creek Water Company</u> |
| COMPANY NAME |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 10

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 10
IN SALES TAXES BILLED, OR COLLECTED)

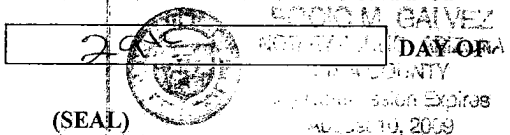
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

X [Signature]
SIGNATURE OF OWNER OR OFFICIAL
520 726-9500
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



| | |
|----------------------------|---------------------|
| COUNTY NAME <u>Pima</u> | |
| MONTH <u>April</u> | YEAR <u>2008</u> |

MY COMMISSION EXPIRES

August 10, 2009

[Signature]
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
MAY 9 1 2008
AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|-------------------------------------------------|--------------------|
| COUNTY OF (COUNTY NAME) <u>PIMA</u> | |
| NAME (OWNER OR OFFICIAL) <u>MICHAEL SCHULTZ</u> | TITLE <u>OWNER</u> |
| COMPANY NAME <u>RANCON CREEK WATER COMPANY</u> | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.


SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

| |
|-----------------------------------------------------------------|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>10</u> |
|-----------------------------------------------------------------|

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 10
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

520-770-9500
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

| | |
|--------------------|--------|
| NOTARY PUBLIC NAME | |
| COUNTY NAME | |
| MONTH | , 20__ |

(SEAL)

MY COMMISSION EXPIRES

X

SIGNATURE OF NOTARY PUBLIC

STATE OF ARIZONA

Department of Revenue
Property Tax Division
Fax (602) 542-4425



Janet Napolitano
Governor
Gale Garriott
Director

June 11, 2007

CVP TAX ID # 55-229
RINCON CREEK WATER CO
MICHAEL SCHULTZ
14545 E RINCON CREEK RANCH ROAD
TUCSON, AZ 85747

NOTICE OF VALUE TAX YEAR 2008

The FULL CASH VALUE of your operating property located in Arizona is:

\$6,000

If the property owner disagrees with the FULL CASH VALUE stated above, a taxpayer conference to discuss the value may be requested on or before July 15, 2007.

If a taxpayer informal conference is requested, the request must be in writing and must list who will attend the conference and what issues will be discussed. The property owner must provide supporting documentation to justify his/her opinion of value no later than the day of the conference.

The FULL CASH VALUE above is subject to change based on additional information provided by the taxpayer or otherwise discovered by the Department prior to August 31, 2007.

In the event of a change in value, a Revised Notice of Value will be mailed on or before August 31, 2007.

The valuation date for the above value is January 1, 2007.

The value will not be used for property tax purposes until 2008.

Taxes will be due as follows:

First half due: October 1, 2008

Second half due: March 1, 2009

If you have questions regarding this notice, please contact Carole O'Brien at (602) 716-6835.